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OFFICE OF THE COUNTY ASSESSOR

REPORT

ON

REAL PROPERTY TAX EXEMPTION LOUDOUN COUNTY VIRGINIA APRIL 2007

Submitted by TODD M. KAUFMAN, CAE - COUNTY ASSESSOR



Loudoun County, Virginia

www.loudoun.gov

Office of the County Assessor

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Supervisor Mick Staton – Sugarland District
Supervisor Lori Waters – Broad Run District
Kirby Bowers - County Administrator

April 5, 2007

Letter of Transmittal

Honorable Members of the Loudoun County Board of Supervisors and Mr. Bowers:

I have completed an analysis of the real property tax exemption practices in Loudoun County, Virginia. A report defining my findings and recommendations is included with this document. My findings are based on research completed during the past three months.

Thank you for the opportunity to express my findings, recommendations, and concerns regarding the real property tax exemption practices in Loudoun County.

Sincerely,

Todd M. Kaufman, CAE Loudoun County Assessor

Loudoun County Assessor

Cc Jack Roberts – Loudoun County Attorney Karen Stapleton – Deputy County Attorney



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OFFICE OF THE COUNTY ASSESSOR REPORT ON REAL PROPERTY TAX EXEMPTION

Prepared by Todd M. Kaufman, CAE, County Assessor April 5, 2007

Introduction

In March of 2007, questions pertaining to the real property exemption process were raised during the budget work sessions. The County Assessor is vested with the responsibility in managing and regulating real property exemptions based on the Code of Virginia, Section 58.1-3604. Recommendations regarding revisions to current practices pertaining to exemptions are included in this report. Exemptions via classification and designation policies of other major jurisdictions were reviewed prior to the submittal of this information.

Revenue Impact Statement

Loudoun County currently has approximately \$4,239,498,900 in exempt real property via classification. Government properties account for approximately \$3,402,438,000, of this \$1,295,075,300 is owned by the Loudoun County School Board. Religious holdings account for approximately \$373,614,800. Charitable holdings account for approximately \$77,808,200. Private Education facilities account for approximately \$199,470,800. Miscellaneous non-profit properties account for approximately \$186,167,000. This represents \$40,669,189 in revenue at the 2007 adopted \$0.96 tax rate.

There is no way to predict the number of organizations that will exempt annually. However, the number of exempt properties continues to grow on an annual basis. There are currently ten parcels exempt by designation in Loudoun County. The current assessed value total of \$486,339,700 represents \$4,741,812 in revenue at the 2007 adopted \$0.96 tax rate. Exemptions via classification and designation for 2007 total \$4,725,838,600 or \$45,368,051 in revenue at the \$0.96 tax rate.

2007 EXEMPT BY BOS ORDINANCE				\$0.00960
OWNER	LAND	IMP	TOTAL	\$EXEMPT
AIR FORCE RETIRED OFFICERS	\$ 770,100	\$ 4,538,000	\$ 5,308,100	\$ 50,957.76
AIR FORCE RETIRED OFFICERS	\$ 7,023,100	\$ 61,328,600	\$ 68,351,700	\$ 656,176.32
HOWARD HUGHES MEDICAL	\$ 39,464,700	\$ 335,535,300	\$ 375,000,000	\$3,600,000.00
COOKE, JACK KENT	\$ 5,551,900	\$ 2,930,000	\$ 8,481,900	\$ 81,426.24
LIFE LINE INC	\$ 149,400	\$ 498,000	\$ 647,400	\$ 6,215.04
PRISON FELLOWSHIP MINISTRIES	\$ 3,565,500	\$ 19,234,600	\$ 22,800,100	\$ 218,880.96
FRIENDS OF THE ANIMAL SHELTER	\$ 487,000	\$ 292,000	\$ 779,000	\$ 7,478.40
FRIENDS OF THE ANIMAL SHELTER	\$ 487,000	\$ -	\$ 487,000	\$ 4,675.20
VA REGIONAL TRANSPORTATION	\$ 460,000	\$ -	\$ 460,000	\$ 4,416.00
LC TRANSPORTATION ASSOC	\$ 1,602,100	\$ 2,422,400	\$ 4,024,500	\$ 38,635.20
TOTAL EXEMPT	\$ 59,560,800	\$ 426,778,900	\$ 486,339,700	\$4,668,861.12

Exemptions via Classification

Background

Virginia voters amended the state's Constitution by referendum in November of 2002 transferring the authority to grant certain tax exemptions to local governing bodies. The enabling legislation is found in the Code of Virginia, Section 58.1-3651. Article X, Section 6(a)(6) previously gave the General Assembly authority to grant tax exemptions. All exemptions by classification granted by the General Assembly prior to January 1, 2003 were grandfathered.

Properties may be *classified* as exempt without action by the local governing body if the criteria in Article X, Section 6(a) (1-4) of the Virginia Constitution or in the Code of Virginia, Section 58.1-3606 are satisfied. These classifications include the following:

- Property owned directly or indirectly by the Commonwealth of Virginia, or any political subdivision thereof.
- Buildings with land they actually occupy, and the furniture and furnishing therein
 owned by churches or religious bodies and exclusively occupied or used for religious
 worship or for the residence of the minister of any church or religious body, and such
 additional adjacent land reasonably necessary for the convenient use of any such
 building.
- Nonprofit private or public burying grounds or cemeteries.
- Property owned by public libraries or by institutions of learning not conducted for profit, if used primarily for literary, scientific or educational purposes, or purposes incidental thereto.
- Property belonging to and actually and exclusively occupied and used by the Young Men's Christian Associations (YMCA) and similar religious associations; including religious mission boards and associations, orphan or other asylums, reformatories,

hospitals and numeries, conducted not for profit but exclusively as charities (which shall included hospitals operated by non-stock corporations not organized or conducted for profit but which may charge persons able to pay in whole or in part for their care and treatment).

- Parks or playgrounds held by trustees for the perpetual use of the general public.
- Buildings with the land they actually occupy, and the furniture and furnishings
 therein belonging to any benevolent or charitable organization and used by it
 exclusively for lodge purposes or meeting rooms, together with such additional
 adjacent land as may be necessary for the convenient use of the building for such
 purposes.
- Property of any nonprofit corporation organized to establish and maintain a museum.

In addition, properties may be *classified* as exempt without action by the local governing body if the criteria in the Code of Virginia, Section 58.1-3609, *et seq.* are satisfied. These classifications include properties owned and used for charitable, patriotic, religious, historical, benevolent, cultural or public park purposes by the following:

- Volunteer fire departments and rescue squads (Section 58.1-3610)
- Certain boys and girls clubs (Section 58.1-3611)
- Auxiliaries of the Veterans of World War I (Section 58.1-3612)
- Societies for the Prevention of Cruelty to Animals (Section 58.1-3613)
- Boy and Girl Scouts of America, Virginia Code (Section 58.1-3614)
- Home Demonstration Clubs, 4-H Clubs and Future Farmers of America, Inc. (Section 58.1-3615)
- American National Red Cross (Section 58.1-3616)
- Churches, religious associations or denominations (Section 58.1-3617)
- College alumni associations and foundations (Section 58.1-3618)
- The State Future Farmers of America, Future Homemakers of America, and Future business Leaders of America (Section 58.1-3619)
- Properties inundated by water (Section 58.1-3620)
- Farm club associations (Section 58.1-3621)
- Habitat for Humanity and local affiliates or subsidiaries thereof (Section 58.1-3622)

Current Practices

In order to receive consideration for an exemption from real property tax status via an **existing** classification, an applicant should complete an Application for Exemption from Taxation Form. An application form and supplementary documents are included with this report. The applicant must provide the supplemental information defined in item 3-2(A), (B), and (C) as well as:

• 3-2(A), the names and mailing addresses of the Applicant's officers, directors, members, trustees or partners, as applicable.

- 3-2(B), the salaries or other compensation, if any paid to the Applicant's officers and directors
- 3-2(C), the salaries and other compensation received by the Applicant's three highest paid employees.
- The Charter and by-laws of the organization.
- A statement from the IRS if the organization has non-profit status which identifies which provision of the code grants the non-profit status.
- An itemized source of revenue.
- The salaries and profit and loss statements for the last two years. They must demonstrate the distribution of the end of year profits.

The application and all supporting documents are reviewed once they are received by the Office of the County Assessor. The applicant may be contacted by staff so the property can be inspected. A meeting between the County Assessor's designee and the County Attorney's designee may be arranged to discuss the exemption application and the findings of the field inspection. A recommendation is made to the County Assessor by the County Attorney's Office regarding the qualification of the applicant. The applicant is then notified by the County Assessor via letter.

Recommendation

The authority to adopt an ordinance to grant exemptions via classification was granted by the Virginia General Assembly. This provides a mechanism for the locality to expand the classifications outlined in the Code of Virginia to include different types of property uses. Most major jurisdictions have adopted the ability to define categories of property uses for exemption via classification. The process is similar to what Loudoun County currently uses for granting exemptions by designation.

Exemption via Designation

Background:

The November 2002 referendum that amended the Constitution of Virginia and transferred the authority to localities to grant real property tax exemptions via classification also applied to the exemption via designation process. This authority was also previously held by the General Assembly.

As a result of this referendum, all tax exemptions by designation granted by the General Assembly prior to January 1, 2003 were grandfathered. This includes all of the exemptions by designation found in Virginia Code Section 58.1-3650.1 through 3650.1001, as well as property owned by certain organizations designated in Virginia Code Section 58.1-3607. Those organizations include:

- American Legion posts
- Home Demonstration Clubs
- 4-H Clubs

- Veterans of Foreign Wars posts
- Disabled American Veterans posts
- Colonial Williamsburg, Incorporated
- The Waterford Foundation
- The Westmoreland Davis Foundation, Inc.

Generally, and provided certain criteria are met, property acquired by the organizations listed in Virginia Code Section 58.1-3607 and 58.1-3650.1, et seq., will also be exempt from taxation without action by the local governing body.

After January 1, 2003, the only way for entities to receive a tax exemption that did not fit into a specified classification was either for the governing body of a locality to adopt an ordinance to create a classification that would include property owned that entity, or to adopt an ordinance granting exemption by designation specific to that entity. Based on this amendment to the Constitution of Virginia, all localities in the Commonwealth of Virginia had to adopt an exemption via designation process. Some localities have passed an ordinance stating that they will not grant exemptions via designation and that applicants must qualify based on classification.

Localities have adopted policies instituting the following:

- Applicant must submit an application for exemption.
- If the applicant does not qualify based on classification, they must submit an application for exemption based on designation.
- The application is reviewed by the County Assessor and discussed with the County Attorney.
- The County Attorney and the Assessor make a recommendation to the County Administrator who makes a recommendation to the Board of Supervisors.
- The application is forwarded to the Board of Supervisors which authorizes an advertisement for a public hearing.
- An ordinance is introduced and a public hearing is held. A representative from each
 organization is expected to be in attendance in order to answer pertinent questions
 that may arise.
- The Board of Supervisors votes whether or not to adopt the ordinance granting exemption.

Current Practices

In order to receive consideration for an exemption from real property tax status via an **existing** designation, an applicant should complete an Application for Exemption from Taxation Form. An application form and supplementary documents are included with this report. The applicant must provide the supplemental information defined in item 3-2(A), (B), and (C) as well as:

- 3-2(A), the names and mailing addresses of the Applicant's officers, directors, members, trustees or partners, as applicable.
- 3-2(B), the salaries or other compensation, if any paid to the Applicant's officers and directors.
- 3-2(C), the salaries and other compensation received by the Applicant's three highest paid employees.
- The Charter and by-laws of the organization.
- A statement from the IRS if the organization has non-profit status which identifies which provision of the code grants the non-profit status.
- An itemized source of revenue.
- The salaries and profit and loss statements for the last two years. They must demonstrate the distribution of the end of year profits.

The application and all supporting documents are reviewed once they are received by the Office of the County Assessor. The applicant may be contacted by staff so the property can be inspected. A meeting between the County Assessor's designee and the County Attorney's designee may be arranged to discuss the exemption application and the findings of the field inspection. A recommendation is made to the County Assessor by the County Attorney's Office regarding the qualification of the applicant. The applicant is then notified by the County Assessor via letter.

If an applicant does not qualify for exemption under an existing designation or classification exemption, the application and all supporting documents are forwarded to the County Administrator with a staff report. The County Administrator, in turn, forwards the application and the staff report to the Board for consideration. An exemption by designation, if authorized by the Board, is granted by ordinance. Each designation of an organization is conditioned upon compliance with the terms of the ordinance granting the exemption. Currently, the Board has not established any policy or procedure for reviewing an organization's compliance with the exemption ordinance.

Recommendation

The Virginia Constitution provides that, after January 1, 2003, local governments may, by designation, exempt the real property of non-profit organizations from local property taxes. As provided in the Code of Virginia, Section 58.1-3651, the local governing body must adopt an ordinance to exempt the property.

Based on the aforementioned statute, I recommend that the Board adopt an ordinance that includes the following policies and procedures for exemptions via designation authorized by the Board of Supervisors. In addition to this, I recommend that the Board appoint a Real Property Tax Exemption via Designation Committee to review all applicable applications and make appropriate recommendations to the Loudoun County Board of Supervisors. The Committee should include a representative from County Administration, the County Attorney's Office, and the Assessor's Office as well as staff from other impacted areas. I also recommend that the County use the proposed

application for exemption via designation that is included in the addendum. This application contains the guidelines that have been outlined by Virginia law and it is consistent with what is currently used in other jurisdictions.

Policies

The Board of Supervisors is not required to designate any organization as being exempt from taxation. Each designation of an organization is conditioned upon compliance with the terms of the ordinance granting the exemption. If an organization does not comply with these requirements, the Board of Supervisors may revoke the tax exemption, provided they have given notice and a hearing to the organization. The Board should establish policies and procedures for reviewing an organization's compliance with the exemption ordinance. Any revocation of a real property tax exemption shall be effective as of January 1 of the year in which the revocation occurs.

The Board of Supervisors should be provided detailed information by the applicant or a legal representative of the applicant. The Board of Supervisors can request any information that they deem necessary to determine the benefits to the public that will result from granting the tax exemption. The Board of Supervisors should use, but not limit themselves to, the following itemized policies and procedures:

- The organization must currently own property in Loudoun County.
- The organization's property taxes must annually represent a significant burden or be at least 5% or more of gross expenditures for the last fiscal year.
- Exempt personal or real property cannot be used by any member of the organization or other persons except for the purposes designated by the Board of Supervisors.
- The organization must be exempt from federal income tax pursuant to IRS, Section 501(c) and upon obtaining the exemption, annually submit (by May 1) IRS forms 990 and 990EZ returns, then the organization must annually certify the continuing tax exempt status. The organization must report the loss of the 501(c) status immediately.
- Pursuant to the Code of Virginia, Section 58.1-3605, each entity exempted from local property taxes shall file an exemption renewal application with the County once every three years. Failure to make timely application will result in the loss of the exemption status.
- All exemption via designation renewal applications should be reviewed by a Real Property Tax via Designation Committee, as well as by the County Attorney's Office. This committee should make recommendations to the Board of Supervisors concerning any organization that should no longer receive exempt status via designation.
- No requests for retroactive grants of tax exempt status should be considered or granted.
- The Board of Supervisors will only consider applications from organizations that are in compliance with all County and State laws, ordinances, and regulations. This also includes all local and federal tax obligations.

- Real property tax exemptions shall only apply to properties listed on the organization's application and listed in the ordinance adopted by the Board of Supervisors.
- The Board of Supervisors can adopt an ordinance at any time terminating the application process.
- Real property tax exemptions or any departure from these policies shall require majority approval by the members of the Board of Supervisors.

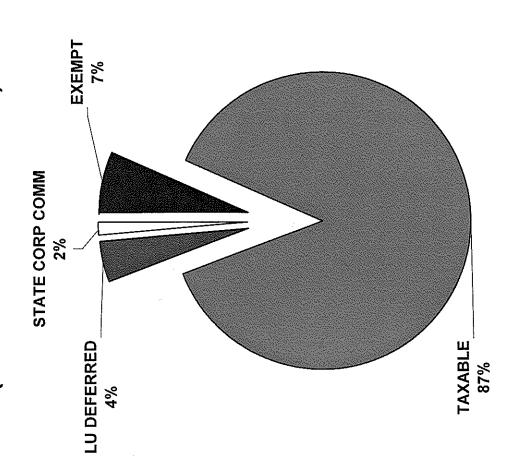
Procedures

- All organizations seeking exemption from real property taxes must submit an application to the County Assessor.
- The County Assessor will advise the applicant if the exemption is or is not granted.
- The applicant will be provided an application for exemption via designation upon request if the County Assessor does not grant an exemption via classification.
- The applicant must submit the application for tax exemption via designation and all of the requested documentation, including items listed in the Code of Virginia, Section 58.1-3651, to the County Attorney's Office by April 1.
- The file is forwarded to the Designation Committee by June 1 once the County Attorney's Office has reviewed the application and supporting documentation.
- The Designation Committee shall make recommendations in writing to the Board of Supervisors by August 1. The recommendation shall state which organizations are approved and which organizations were not approved.
- The approved applications will be advertised for public hearings and consideration by the Board of Supervisors. The applicant shall pay the advertising costs.
- The Board of Supervisors will conduct the public hearings before the real property tax rate is set. The Board of Supervisors will consider the criteria set forth in the Code of Virginia, Section 58.1-3651 and they will also consider the recommendations made by the Designation Committee.
- Any exemptions that are granted shall be effective as of January 1. The Board of Supervisors shall notify the County Assessor in writing regarding the exemption.

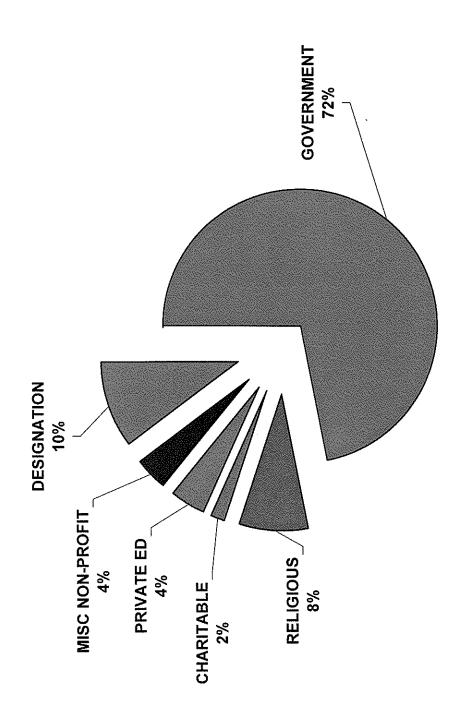
ADDENDUM

- I. CHART 1 Loudoun County Real Estate Portfolio
- II. CHART 2 Loudoun County Real Property Tax Exemption
- III. Virginia Mandates Related to Exemptions Article X, Section 6 (Exempt Property), 58.1-3604 (Tax exemption information), 58.1-3605 (Triennial application for exemption; removal by local governing body), 58.1-3606 (Property Exempt From Taxation by Classification), 58.1-3607 (Property Exempt From Taxation by Designation), 58.1-3609 3622 (Ratified Property Exemption by Classification post 1971), 58.1-3650 (Property Exempt From Taxation by Designation post 1971), 58.1-3651 (Property Exempt From Taxation by Classification or Designation by Ordinance Adopted by Local Governing Body After January 1, 2003 as amended; 2004)
- IV. Request For Exemption From Taxation Important Information Outline
- V. List of Materials Requests for Local Tax Exemption
- VI. Application For Exemption From Taxation
- VII. Policy Guidelines For Consideration of Requests For Exemptions From Local Taxation
- VIII. Loudoun County Exemption via Designation Application
- IX. Request For Exemption From Taxation Supplemental For Existing Exemption
- X. Request For Exemption From Taxation Supplemental; Salaries and Compensation
- XI. Request For Exemption From Taxation Supplemental; Three Highest Paid Employees
- XII. Exhibit A: Criteria for Immediate Disqualification
- XIII. Exhibit B: Criteria to Determine Scope of Review
- XIV. Exhibit C: Criteria for larger Exemptions

LOUDOUN COUNTY REAL ESTATE PORTFOLIO (\$68.4 BILLION - 2007)



LOUDOUN COUNTY REAL PROPERTY TAX EXEMPTION (\$4,725,838,500)



VIRGINIA CONSTITUTION, ARTICLE X

Section 6. Exempt property.

- (a) Except as otherwise provided in this Constitution, the following property and no other shall be exempt from taxation, State and local, including inheritance taxes:
- (1) Property owned directly or indirectly by the Commonwealth or any political subdivision thereof, and obligations of the Commonwealth or any political subdivision thereof exempt by law.
- (2) Real estate and personal property owned and exclusively occupied or used by churches or religious bodies for religious worship or for the residences of their ministers.
- (3) Private or public burying grounds or cemeteries, provided the same are not operated for profit.
- (4) Property owned by public libraries or by institutions of learning not conducted for profit, so long as such property is primarily used for literary, scientific, or educational purposes or purposes incidental thereto. This provision may also apply to leasehold interests in such property as may be provided by general law.
- (5) Intangible personal property, or any class or classes thereof, as may be exempted in whole or in part by general law.
- (6) Property used by its owner for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes, as may be provided by classification or designation by an ordinance adopted by the local governing body and subject to such restrictions and conditions as provided by general law.
- (7) Land subject to a perpetual easement permitting inundation by water as may be exempted in whole or in part by general law.
- (b) The General Assembly may by general law authorize the governing body of any county, city, town, or regional government to provide for the exemption from local property taxation, or a portion thereof, within such restrictions and upon such conditions as may be prescribed, of real estate and personal property designed for continuous habitation owned by, and occupied as the sole dwelling of, persons not less than sixty-five years of age or persons permanently and totally disabled as established by general law who are deemed by the General Assembly to be bearing an extraordinary tax burden on said property in relation to their income and financial worth.
- (c) Except as to property of the Commonwealth, the General Assembly by general law may restrict or condition, in whole or in part, but not extend, any or all of the above exemptions.
- (d) The General Assembly may define as a separate subject of taxation any property, including real or personal property, equipment, facilities, or devices, used primarily for the purpose of abating or preventing pollution of the atmosphere or waters of the Commonwealth or for the purpose of transferring or storing solar energy, and by general law may allow the governing body of any county, city, town, or regional government to exempt or partially exempt such

property from taxation, or by general law may directly exempt or partially exempt such property from taxation.

- (e) The General Assembly may define as a separate subject of taxation household goods, personal effects and tangible farm property and products, and by general law may allow the governing body of any county, city, town, or regional government to exempt or partially exempt such property from taxation, or by general law may directly exempt or partially exempt such property from taxation.
- (f) Exemptions of property from taxation as established or authorized hereby shall be strictly construed; provided, however, that all property exempt from taxation on the effective date of this section shall continue to be exempt until otherwise provided by the General Assembly as herein set forth.
- (g) The General Assembly may by general law authorize any county, city, town, or regional government to impose a service charge upon the owners of a class or classes of exempt property for services provided by such governments.
- (h) The General Assembly may by general law authorize the governing body of any county, city, town, or regional government to provide for a partial exemption from local real property taxation, within such restrictions and upon such conditions as may be prescribed, (i) of real estate whose improvements, by virtue of age and use, have undergone substantial renovation, rehabilitation or replacement or (ii) of real estate with new structures and improvements in conservation, redevelopment, or rehabilitation areas.
- (i) The General Assembly may by general law allow the governing body of any county, city, or town to exempt or partially exempt from taxation any generating equipment installed after December thirty-one, nineteen hundred seventy-four, for the purpose of converting from oil or natural gas to coal or to wood, wood bark, wood residue, or to any other alternate energy source for manufacturing, and any co-generation equipment installed since such date for use in manufacturing.
- (j) The General Assembly may by general law allow the governing body of any county, city, or town to have the option to exempt or partially exempt from taxation any business, occupational or professional license or any merchants' capital, or both.

The amendment ratified November 2, 1976 and effective January 1, 1977—After (a)(6), added subdivision "(7) Land subject to a perpetual easement . . .". In subsection (b), after "sixty-five years of age", added the language "or persons permanently and totally disabled as established by general law". In subsection (d), after "Commonwealth", added the language "or for the purpose of transferring or storing solar energy". In subsection (e), after "personal effects", added the language "and tangible farm property and products".

The amendment ratified November 7, 1978 and effective January 1, 1979—Added a new subsection (h).

The amendment ratified November 4, 1980 and effective January 1, 1981—In subsection (b), substituted "exemption from local property taxation" for "exemption from local real property taxation". After "of real estate", added "and personal property designed for continuous habitation". Substituted "property" for

"real estate" near the end of subsection (b).

The amendment ratified November 4, 1980 and effective January 1, 1981—Added a new subsection (i).

The amendment ratified November 3, 1998 and effective January 1, 1999—Added a new subsection (j).

The amendment ratified November 5, 2002 and effective January 1, 2003—In paragraph (6), after "designation by", deleted "a three-fourths vote of the members elected to each house of the General Assembly" and added "an ordinance adopted by the local governing body". After "conditions as" deleted "may be prescribed" and added "provided by general law".

The amendment ratified November 7, 2006, and effective January 1, 2007—In subsection (h), added "(i)" after "prescribed" and "or (ii) of real estate with new structures and improvements in conservation, redevelopment, or rehabilitation areas" after "replacement" at the end of the paragraph.

CODE OF VIRGINIA

§ <u>58.1-3604</u>. Tax exemption information.

A. The appropriate county, city or town assessing officer shall make and maintain an inventory and assessment of all tax-exempt real property and all such property immune from real estate taxation within his county, city or town, excluding streets, highways and other roadways. Such official shall identify such property by a general site description indicating the owner thereof and report such information on the land book along with an assessment of the fair market value of such property, the total assessed valuation for each type of exemption and a computation of total tax which would be due if such property were not exempt. A total of such assessed valuations and a computation of the percentage such exempt and immune property represents in relation to all property assessed within the county, city or town shall be published annually by such local assessing officer and a copy thereof shall be filed with the Department of Taxation on forms prescribed by the Department. All costs incurred pursuant to this section shall be borne by the county, city or town.

B. The appropriate county, city or town assessing officer shall also cause to be published, on an annual basis, at the same time and in the same publication, or in the same manner, as notice of the local real estate tax rates is published or otherwise posted, a statement indicating the aggregate assessed value of all real property exempted from taxation under §§ 58.1-3607 and 58.1-3608, and Articles 3, 4 and 5 of Chapter 36 of this title, and the total reduction in tax revenues resulting from such exemptions.

(Code 1950, § 58-14.1; 1975, c. 612; 1976, c. 486; 1984, c. 675; 1989, c. 38.)

§ 58.1-3605. Triennial application for exemption; removal by local governing body.

The governing body of any county, city or town, after giving sixty days' written notice, may require by local ordinance any entity, except the Commonwealth, any political subdivision of the Commonwealth, or the United States, which owns real and personal property exempt pursuant to this chapter to file triennially an application with the appropriate assessing officer as a requirement for retention of the exempt status of the property. Such application shall show the ownership and usage of such property and shall be filed within the next sixty days preceding the tax year for which such exemption, or the retention thereof, is sought.

The local governing body may submit to the General Assembly a list of those organizations whose property is designated as tax exempt under § 58.1-3650.1 et seq. which the local governing body wants to remove from its exempt property list. Legislation including such a list must be introduced no later than the first calendar day of any session of the General Assembly unless requested by the Governor.

(Code 1950, § 58-14.2; 1975, c. 613; 1984, c. 675; 1995, c. 346.)

§ <u>58.1-3606</u>. Property exempt from taxation by classification.

A. Pursuant to the authority granted in Article X, Section 6 (a) (6) of the Constitution of Virginia to exempt property from taxation by classification, the following classes of real and personal property shall be exempt from taxation:

- 1. Property owned directly or indirectly by the Commonwealth, or any political subdivision thereof.
- 2. Buildings with land they actually occupy, and the personal property owned by churches or religious bodies, including (i) an incorporated church or religious body and (ii) a corporation mentioned in § 57-16.1, and exclusively occupied or used for religious worship or for the residence of the minister of any church or religious body, and such additional adjacent land reasonably necessary for the convenient use of any such building.
- 3. Nonprofit private or public burying grounds or cemeteries.
- 4. Property owned by public libraries, law libraries of local bar associations when the same are used or available for use by a state court or courts or the judge or judges thereof, medical libraries of local medical associations when the same are used or available for use by state health officials, incorporated colleges or other institutions of learning not conducted for profit. This paragraph shall apply only to property primarily used for

literary, scientific or educational purposes or purposes incidental thereto and shall not apply to industrial schools which sell their products to other than their own employees or students.

- 5. Property belonging to and actually and exclusively occupied and used by the Young Men's Christian Associations and similar religious associations, including religious mission boards and associations, orphan or other asylums, reformatories, hospitals and nunneries, conducted not for profit but exclusively as charities (which shall include hospitals operated by nonstock corporations not organized or conducted for profit but which may charge persons able to pay in whole or in part for their care and treatment).
- 6. Parks or playgrounds held by trustees for the perpetual use of the general public.
- 7. Buildings with the land they actually occupy, and the furniture and furnishings therein belonging to any benevolent or charitable organization and used by it exclusively for lodge purposes or meeting rooms, together with such additional adjacent land as may be necessary for the convenient use of the buildings for such purposes.
- 8. Property of any nonprofit corporation organized to establish and maintain a museum.
- B. Property, belonging in one of the classes listed in subsection A of this section, which was exempt from taxation on July 1, 1971, shall continue to be exempt from taxation under the rules of statutory construction applicable to exempt property prior to such date.

(Code 1950, § 58-12; 1950, p. 61; 1952, c. 50; 1954, c. 65; 1956, c. 478; 1956, Ex. Sess., c. 16; 1958, c. 361; 1960, c. 396; 1962, c. 129; 1964, c. 198; 1966, c. 582; 1968, cc. 37, 807; 1969, Ex. Sess., c. 9; 1970, cc. 83, 562; 1972, c. 667; 1973, c. 438; 1974, c. 469; 1984, c. 675; 1985, c. 495; 2004, c. 492; 2005, c. 928.)

- § <u>58.1-3607</u>. (Effective until October 1, 2005) Property exempt from taxation by designation.
- A. Pursuant to the authority granted in Article X, Section 6 (a) (6) of the Constitution of Virginia to exempt property from taxation by designation, and notwithstanding the provisions of § 30-19.04, the real and personal property of the following organizations, corporations and associations shall be exempt from taxation:
- 1. Property of the Association for the Preservation of Virginia Antiquities, the Association for the Preservation of Petersburg Antiquities, Historic Richmond Foundation, the Confederate Memorial Literary Society, the Mount Vernon Ladies' Association of the Union, the Virginia Historical Society, the Thomas Jefferson Memorial Foundation, Incorporated, the Patrick Henry Memorial Foundation, Incorporated, the Stonewall Jackson Memorial, Incorporated, George Washington's Fredericksburg Foundation, Home Demonstration Clubs, 4-H Clubs, the Future Farmers

of America, Incorporated, the posts of the American Legion, posts of United Spanish War Veterans, branches of the Fleet Reserve Association, posts of Veterans of Foreign Wars, posts of the Disabled American Veterans, Veterans of World War I, USA, Incorporated, the Society of the Cincinnati in the State of Virginia, the Manassas Battlefield Confederate Park, Incorporated, the Robert E. Lee Memorial Foundation, Incorporated, the Virginia Division of the United Daughters of the Confederacy, the General Organization of the United Daughters of the Confederacy, the Memorial Foundation of the Germanna Colonies in Virginia, Incorporated, the Lynchburg Fine Arts Centers, Incorporated, Norfolk Historic Foundation, National Trust for Historic Preservation in the United States, Historic Alexandria Foundation, and the Lynchburg Historical Foundation.

- 2. Property of Colonial Williamsburg, Incorporated, used for museum, historical, municipal, benevolent or charitable purposes, as long as such corporation continues to be organized and operated not for profit.
- 3. Property owned by the Virginia Home (previously Virginia Home for Incurables), incorporated by Chapter 533 of the Acts of Assembly of 1893-4, approved March 1, 1894.
- 4. The property owned by the Waterford Foundation, Incorporated, so long as it continues to be a nonprofit corporation to encourage and assist in restoration work in Waterford and to stimulate the revival of local arts and crafts.
- 5. Property of Historic Fredericksburg, Incorporated, and of the Clarke County Historical Association, used by such organizations for historical, benevolent or charitable purposes, as long as such corporation continues to be organized and operated not for profit.
- 6. Property of the Westmoreland Davis Foundation, Inc., so long as it continues to be a nonprofit corporation.
- 7. Property owned by the Women's Home Incorporated, in Arlington County and used for the rehabilitation of alcoholic women, so long as it continues to be operated not for profit.
- B. Property designated to be exempt from taxation in subsection A of this section which was exempt on July 1, 1971, shall continue to be exempt under the rules of statutory construction applicable to exempt property prior to such date.

(Code 1950, § 58-12; 1950, p. 61; 1952, c. 50; 1954, c. 65; 1956, c. 478; 1956, Ex. Sess., c. 16; 1958, c. 361; 1960, c. 396; 1962, c. 129; 1964, c. 198; 1966, c. 582; 1968, cc. 37, 807; 1969, Ex. Sess., c. 9; 1970, cc. 83, 562; 1972, c. 667; 1973, c. 438; 1974, c. 469; 1984, c. 675; 1985, c. 495; 1998, c. 172; 2000, c. 7.)

- § 58.1-3607. Property exempt from taxation by designation.
- A. Pursuant to the authority granted in Article X, Section 6 (a) (6) of the Constitution of Virginia to exempt property from taxation by designation, and notwithstanding the

provisions of § 30-19.04, the real and personal property of the following organizations, corporations and associations shall be exempt from taxation:

- 1. Property of the Association for the Preservation of Virginia Antiquities, the Association for the Preservation of Petersburg Antiquities, Historic Richmond Foundation, the Confederate Memorial Literary Society, the Mount Vernon Ladies' Association of the Union, the Virginia Historical Society, the Thomas Jefferson Memorial Foundation, Incorporated, the Patrick Henry Memorial Foundation, Incorporated, the Stonewall Jackson Memorial, Incorporated, George Washington's Fredericksburg Foundation, Home Demonstration Clubs, 4-H Clubs, the Future Farmers of America, Incorporated, the posts of the American Legion, posts of United Spanish War Veterans, branches of the Fleet Reserve Association, posts of Veterans of Foreign Wars, posts of the Disabled American Veterans, Veterans of World War I, USA, Incorporated, the Society of the Cincinnati in the State of Virginia, the Manassas Battlefield Confederate Park, Incorporated, the Robert E. Lee Memorial Foundation, Incorporated, the Virginia Division of the United Daughters of the Confederacy, the General Organization of the United Daughters of the Confederacy, the Memorial Foundation of the Germanna Colonies in Virginia, Incorporated, the Lynchburg Fine Arts Centers, Incorporated, Norfolk Historic Foundation, National Trust for Historic Preservation in the United States, Historic Alexandria Foundation, and the Lynchburg Historical Foundation.
- 2. Property of Colonial Williamsburg, Incorporated, used for museum, historical, municipal, benevolent or charitable purposes, as long as such corporation continues to be organized and operated not for profit.
- 3. Property owned by the Virginia Home (previously Virginia Home for Incurables), incorporated by Chapter 533 of the Acts of Assembly of 1893-4, approved March 1, 1894.
- 4. The property owned by the Waterford Foundation, Incorporated, so long as it continues to be a nonprofit corporation to encourage and assist in restoration work in Waterford and to stimulate the revival of local arts and crafts.
- 5. Property of Historic Fredericksburg, Incorporated, and of the Clarke County Historical Association, used by such organizations for historical, benevolent or charitable purposes, as long as such corporation continues to be organized and operated not for profit.
- 6. Property of the Westmoreland Davis Foundation, Inc., so long as it continues to be a nonprofit corporation.
- 7. Property owned by the Women's Home Incorporated, in Arlington County and used for the rehabilitation of women with substance abuse, so long as it continues to be operated not for profit.

B. Property designated to be exempt from taxation in subsection A of this section which was exempt on July 1, 1971, shall continue to be exempt under the rules of statutory construction applicable to exempt property prior to such date.

(Code 1950, § 58-12; 1950, p. 61; 1952, c. 50; 1954, c. 65; 1956, c. 478; 1956, Ex. Sess., c. 16; 1958, c. 361; 1960, c. 396; 1962, c. 129; 1964, c. 198; 1966, c. 582; 1968, cc. 37, 807; 1969, Ex. Sess., c. 9; 1970, cc. 83, 562; 1972, c. 667; 1973, c. 438; 1974, c. 469; 1984, c. 675; 1985, c. 495; 1998, c. 172; 2000, c. 7; 2005, c. 716.)

§ 58.1-3608. Exempt organization's use of property owned by another.

Any real or personal property, the legal title to which is held by any person, firm or corporation, subject to the sole use and occupancy of an organization or society exempted by the provisions of subdivision 1 of § 58.1-3607 is hereby exempt from taxation provided such organization or society has not agreed to surrender its interest in the property.

(Code 1950, § 58-12; 1950, p. 61; 1952, c. 50; 1954, c. 65; 1956, c. 478; 1956, Ex. Sess., c. 16; 1958, c. 361; 1960, c. 396; 1962, c. 129; 1964, c. 198; 1966, c. 582; 1968, cc. 37, 807; 1969, Ex. Sess., c. 9; 1970, cc. 83, 562; 1972, c. 667; 1973, c. 438; 1974, c. 469; 1984, c. 675.)

§ 58.1-3609. Post-1971 property exempt from taxation by classification.

A. The real and personal property of an organization classified in §§ 58.1-3610 through 58.1-3621 and used by such organization for a religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purpose as set forth in Article X, Section 6 (a) (6) of the Constitution of Virginia, the particular purpose for which such organization is classified being specifically set forth within each section, shall be exempt from taxation, so long as such organization is operated not for profit and the property so exempt is used in accordance with the purpose for which the organization is classified. The real and personal property of an organization classified in § 58.1-3622 and used by such organization for charitable and benevolent purposes as set forth in Article X, Section 6 (a) (6) of the Constitution of Virginia shall be exempt from taxation so long as the local governing body in which the property is located passes a resolution approving such exemption and the organization satisfies the other requirements in this subsection.

B. Exemptions of property from taxation under this article shall be strictly construed in accordance with Article X, Section 6 (f) of the Constitution of Virginia. (1984, c. 675; 1989, c. 400; 2000, c. 441.)

§ 58.1-3610. Volunteer fire departments and rescue squads.

Volunteer fire departments and volunteer rescue squads which operate exclusively for the benefit of the general public without charge are hereby classified as charitable organizations.

(Code 1950, § 58-12.2; 1971, Ex. Sess., c. 187; 1984, c. 675.)

§ 58.1-3611. Certain boys and girls clubs.

Boys clubs affiliated with the Boys Clubs of America, Inc., and girls clubs affiliated with the Girls Club of America, Inc., are hereby classified as charitable organizations.

(Code 1950, § 58-12.3; 1971, Ex. Sess., c. 232; 1984, c. 675.)

§ 58.1-3612. Auxiliaries of the Veterans of World War I.

Auxiliaries of the Veterans of World War I, USA, Incorporated, are hereby classified as patriotic, historical and benevolent organizations.

(Code 1950, § 58-12.5; 1972, c. 667; 1973, c. 438; 1984, c. 675.)

§ 58.1-3613. Societies for the Prevention of Cruelty to Animals.

Societies for the Prevention of Cruelty to Animals are hereby classified as charitable organizations.

(Code 1950, § 58-12.9; 1973, c. 438; 1984, c. 675.)

§ 58.1-3614. Boy Scouts and Girl Scouts of America.

The Boy Scouts of America, Girl Scouts of the United States of America, and their subsidiaries are hereby classified as charitable and benevolent organizations.

(Code 1950, § 58-12.20; 1974, c. 469; 1984, c. 675.)

§ 58.1-3615. Home Demonstration Clubs, 4-H Clubs and Future Farmers of America, Inc.

The Home Demonstration Clubs, 4-H Clubs, and the Future Farmers of America, Incorporated, are hereby classified as patriotic and benevolent organizations.

(Code 1950, § 58-12.21; 1974, c. 469; 1984, c. 675.)

§ 58.1-3616. American National Red Cross.

The American National Red Cross and local chapters thereof are hereby classified as charitable organizations.

(Code 1950, § 58-12.22; 1974, c. 469; 1984, c. 675.)

§ 58.1-3617. Churches and religious bodies.

Any church, religious association or religious denomination operated exclusively on a nonprofit basis for charitable, religious or educational purposes is hereby classified as a religious and charitable organization. Notwithstanding § 58.1-3609, only property of such association or denomination used exclusively for charitable, religious or educational purposes shall be so exempt from taxation.

Motor vehicles owned or leased by churches and used predominantly for church purposes, are hereby classified as property used by its owner for religious purposes.

For purposes of this section, property of a church, religious association or religious denomination, or religious body owned or leased in the name of an incorporated church or religious body or corporation mentioned in § 57-16.1, a duly designated ecclesiastical officer, or a trustee of an unincorporated church or religious body shall be deemed to be owned by such church, association or denomination or religious body.

(Code 1950, §§ 58-12.24, 58-12.86; 1974, c. 469; 1978, c. 216; 1984, c. 675; 1987, c. 533; 2000, c. 329; 2005, c. 928.)

§ 58.1-3618. College alumni associations and foundations.

Incorporated alumni associations operated exclusively on a nonprofit basis for the benefit of colleges or other institutions of learning located in Virginia, and incorporated charitable foundations conducted not for profit, the total income from which is used

exclusively for literary, scientific or educational purposes, are hereby classified as charitable and cultural organizations.

(Code 1950, § 58-12.25; 1974, c. 469; 1984, c. 675.)

§ <u>58.1-3619</u>. The State Future Farmers of America, Future Homemakers of America and Future Business Leaders of America.

A. The Future Farmers of America, the Future Homemakers of America, and local affiliates or subsidiaries thereof, located throughout the Commonwealth, are hereby classified as benevolent organizations.

The tax exemption provided in this subsection shall be limited to the J. R. Thomas Camp, located in Chesterfield County and owned by the Future Farmers of America, the Future Homemakers of America and the local affiliates or subsidiaries thereof.

B. The Future Business Leaders of America, the Future Homemakers of America, and local affiliates or subsidiaries thereof, located throughout the Commonwealth, are hereby classified as benevolent organizations.

Except as otherwise may be provided by this article, the tax exemption provided herein shall be limited to property owned by either the Future Business Leaders of America or the Future Homemakers of America which is located in Fairfax County.

(Code 1950, § 58-12.93; 1978, c. 821; 1984, c. 675; 1993, c. 559.)

58.1-3621. Farm club associations.

Incorporated associations operated for the purpose of sponsoring and operating a county fair for the display of agricultural products, the display and grading of farm animals and the enjoyment of the general public in Virginia are hereby classified as charitable associations.

(1989, c. 400.)

§ 58.1-3622. Habitat for Humanity and local affiliates or subsidiaries thereof.

Habitat for Humanity and local affiliates or subsidiaries thereof are hereby classified as charitable and benevolent organizations.

§ 58.1-3650. Post-1971 property exempt from taxation by designation.

A. The real and personal property of an organization designated by a section within this article and used by such organization exclusively for a religious, charitable, patriotic, historical, benevolent, cultural or public park and playground purpose as set forth in Article X, Section 6 (a) (6) of the Constitution of Virginia, the particular purpose for which such organization is classified being specifically set forth within each section, shall be exempt from taxation so long as such organization is operated not for profit and the property so exempt is used in accordance with the purpose for which the organization is classified. In addition, such exemption may be revoked in accordance with the provisions of § 58.1-3605.

B. Exemptions of property from taxation under this article shall be strictly construed in accordance with the provisions of Article X, Section 6 (f) of the Constitution of Virginia.

(1984, c. 675; 1995, c. 346.)

§§ <u>58.1-3650.1</u>. through 58.1-3650.1001.

Not set out.

§ <u>58.1-3651</u>. Property exempt from taxation by classification or designation by ordinance adopted by local governing body on or after January 1, 2003.

A. Pursuant to subsection 6 (a) (6) of Article X of the Constitution of Virginia, on and after January 1, 2003, any county, city, or town may by designation or classification exempt from real or personal property taxes, or both, by ordinance adopted by the local governing body, the real or personal property, or both, owned by a nonprofit organization that uses such property for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes. The ordinance shall state the specific use on which the exemption is based, and continuance of the exemption shall be contingent on the continued use of the property in accordance with the purpose for which the organization is classified or designated. No exemption shall be provided to any organization that has any rule, regulation, policy, or practice that unlawfully discriminates on the basis of religious conviction, race, color, sex, or national origin.

B. Any ordinance exempting property by designation pursuant to subsection A shall be adopted only after holding a public hearing with respect thereto, at which citizens shall

have an opportunity to be heard. The local governing body shall publish notice of the hearing once in a newspaper of general circulation in the county, city, or town where the real property is located. The notice shall include the assessed value of the real and tangible personal property for which an exemption is requested as well as the property taxes assessed against such property. The public hearing shall not be held until at least five days after the notice is published in the newspaper. The local governing body shall collect the cost of publication from the organization requesting the property tax exemption. Before adopting any such ordinance the governing body shall consider the following questions:

- 1. Whether the organization is exempt from taxation pursuant to § 501 (c) of the Internal Revenue Code of 1954;
- 2. Whether a current annual alcoholic beverage license for serving alcoholic beverages has been issued by the Virginia Alcoholic Beverage Control Board to such organization, for use on such property;
- 3. Whether any director, officer, or employee of the organization is paid compensation in excess of a reasonable allowance for salaries or other compensation for personal services which such director, officer, or employee actually renders;
- 4. Whether any part of the net earnings of such organization inures to the benefit of any individual, and whether any significant portion of the service provided by such organization is generated by funds received from donations, contributions, or local, state or federal grants. As used in this subsection, donations shall include the providing of personal services or the contribution of in-kind or other material services;
- 5. Whether the organization provides services for the common good of the public;
- 6. Whether a substantial part of the activities of the organization involves carrying on propaganda, or otherwise attempting to influence legislation and whether the organization participates in, or intervenes in, any political campaign on behalf of any candidate for public office;
- 7. The revenue impact to the locality and its taxpayers of exempting the property; and
- 8. Any other criteria, facts and circumstances that the governing body deems pertinent to the adoption of such ordinance.
- C. Any ordinance exempting property by classification pursuant to subsection A shall be adopted only after holding a public hearing with respect thereto, at which citizens shall have an opportunity to be heard. The local governing body shall publish notice of the hearing once in a newspaper of general circulation in the county, city, or town. The public hearing shall not be held until at least five days after the notice is published in the newspaper.

- D. Exemptions of property from taxation under this article shall be strictly construed in accordance with Article X, Section 6 (f) of the Constitution of Virginia.
- E. Nothing in this section or in any ordinance adopted pursuant to this section shall affect the validity of either a classification exemption or a designation exemption granted by the General Assembly prior to January 1, 2003, pursuant to Article 2 (§ 58.1-3606 et seq.), 3 (§ 58.1-3609 et seq.) or 4 (§ 58.1-3650 et seq.) of this chapter. An exemption granted pursuant to Article 4 (§ 58.1-3650 et seq.) of this chapter may be revoked in accordance with the provisions of § 58.1-3605.

(2003, c. 1032; 2004, c. 557.)



Loudoun County, Virginia

www.loudoun.gov

Office of the County Administrator 1 Harrison Street, SE, 5th Floor, P.O. Box 7000, Leesburg, VA 20177-7000

REQUESTS FOR EXEMPTION FROM TAXATION IMPORTANT INFORMATION

PLEASE READ BEFORE COMPLETING THE APPLICATION

AUTHORITY

STATE CODE EXEMPTIONS: Article 10, Section 6(a) of the Virginia Constitution and Section 58.1-3600, *et seq.* of the Code of Virginia grant exemption from real estate and tangible personal property taxation to churches, religious denominations, and various charitable, educational and recreational non-profit organizations whose purpose and use of property meet the criteria established by the Constitution and Code of Virginia. *See* CONSTITUTION AND CODE, attached.

LOCAL EXEMPTIONS: Subsection 6(a)(6) of Article 10 of the Constitution of Virginia and VA. CODE 58.1-3651 authorize a local governing body to provide exemption from taxation for the real or personal property, or both, owned by non-profit organizations which use the property for religious, charitable, patriotic, historical, benevolent, cultural or public park and playground purposes. An ordinance adopted by the Board of Supervisors or any amendments enacted to applicable Virginia law after November 16, 2004, when the policies described below were adopted, will supercede those policies. No exemption can be granted to an organization having any rule, regulation, policy, or practice that unlawfully discriminates on the basis of religious conviction, race, color, sex or national origin. See VA. CODE SEC. 58.1-3651(A), attached.

NOTE: A <u>designation of exemption from federal taxes</u> by the Internal Revenue Service (IRS) <u>does not automatically confer exemption from local taxes</u>. Each application for exemption from local taxes is evaluated in accordance with applicable Virginia law and County regulations.

IMPORTANT DATES

Application Due

April 1st

Staff Review

April / May

Board Committee Review (Finance)

May

Public Hearing

July

Board Discussion and Action

September / October

APPLICATION PROCEDURES

- 1. Non-profit organizations seeking exemption from taxation for real or personal property, or both, must file an application with the County Administrator. If applying for both real and personal property tax exemption, the application must be submitted in duplicate with original signatures on each verification page.
- 2. Except for churches, exemptions granted will be effective as of January 1st of the year following the year of Board approval. See VA. CODE SEC. 58.1-3360

- 3. To be effective as of January 1st of a given year, applications for Local Exemptions must be filed before April 1st of the preceding year.
- 4. The County Assessor and the Commissioner of the Revenue will conduct an initial review of each application to determine if the applicant qualifies for a State Code Exemption. If an applicant does not qualify for a State Code Exemption, but may be eligible for a Local Exemption granted by the Board of Supervisors, the application will be forwarded to the Review Panel. See POLICY GUIDELINES, Section C, attached.
- 5. The Review Panel will review each application for Local Exemption and supporting materials, applying the 3-step process outlined in Section C.4. of the POLICY GUIDELINES. The County Administrator will report those findings to the Board of Supervisors.
- 6. The Board of Supervisors will hold a public hearing on all applications for Local Exemption. Notice of the hearing shall be published at least once in a newspaper of general circulation in the County, with the hearing to be held at least 5 days after publication of notice.
- 7. Local Exemptions shall be granted only by ordinance adopted by the Board of Supervisors after holding a public hearing. The ordinance shall state the specific use on which the Local Exemption is based, that continuance of the Local Exemption shall be contingent on the applicant organization's continued use of the property in accordance with the purpose for which the organization is classified or designated; and shall contain such other conditions or restrictions as the Board may deem appropriate.
- 8. Once granted, a Local Exemption will be effective until the organization no longer qualifies, until the specific use on which the Local Exemption is based ceases, or until revoked by the Board as provided by law, whichever occurs first.
- 9. Exemptions granted to organizations who qualify under State law will be effective until (a) the organization no longer qualifies or (b) the specific use on which the State Code Exemption is based ceases.

COPIES of PERTINENT STATUTES and COUNTY REGULATIONS are ATTACHED FOR YOUR INFORMATION. PLEASE READ CAREFULLY. CONSULT WITH YOUR LEGAL ADVISOR IF NECESSARY.

If you have other questions regarding REAL ESTATE TAX EXEMPTION, contact—

Todd Kaufman, County Assessor

Telephone:

703-777-0290

Facsimile:

703-771-5234

E-mail:

tkaufman@loudoun.gov

If you have other questions regarding PERSONAL PROPERTY TAX EXEMPTION, contact—

Robert S. Wertz, Jr.

Commissioner of the Revenue

Telephone:

703-777-0260

Facsimile:

703-777-0263

E-mail:

bwertz@ioudoun.gov

LIST of MATERIALS – REQUESTS for LOCAL TAX EXEMPTION

REQUESTS FOR EXEMPTION FROM TAXATION IMPORTANT INFORMATION

Authority and Application Procedures	IMPORTANT INFORMATION revNov04.doc
Virginia Constitution and Statutory Provisions	CONST and CODE revNov04.doc
Loudoun County Board of Supervisors Policy Guidelines	County Policy revNov2004.doc
Policy Guidelines, Exhibit A (Disqualification Criteria)	POLICY Ex A StepOne.doc
Policy Guidelines, Exhibit B (Scope of Review Criteria)	POLICY Ex B StepTwo Dec04.doc
Policy Guidelines, Exhibit C (Large Exemption Review Criteria)	POLICY ExC Step3A Dec04.doc

APPLICATION FOR EXEMPTION FROM TAXATION

Application Form	APPLICATION revDec04.doc
Supplement: Current Exemptions Held	Current Exemption Suppl Dec04.doc
Supplement: Officer/Director Compensation	Salary and Compensation Dec04.doc
Supplement: Top Employee Compensation	Salary and Compensation Dec04.doc



Loudoun County, Virginia

www.loudoun.gov

Office of the County Administrator 1 Harrison Street, SE, 5th Floor, P.O. Box 7000, Leesburg, VA 20177-7000

APPLICATION FOR EXEMPTION FROM TAXATION PLEASE READ INFORMATION PACKET BEFORE COMPLETING THE APPLICATION

INSTRUCTIONS:

This application is for use by non-profit benevolent, charitable, educational, or religious or recreational organizations only. It must be completed in its entirety and returned to the Loudoun County Board of Supervisors at the address given above. Questions that cannot be answered within the space provided may be answered by attaching additional sheets to this application. Questions 4-7 and 5-1 identify specific documents that must be provided as part of the exemption application. Failure to supply these documents may result in a delay in processing the application. The application must be signed by a duly authorized officer, director or member who is knowledgeable as to the organization's activities and operations, and who can attest to the accuracy of the information provided. A written notification of determination will be mailed to the applicant after the application and all supporting documentation have been examined. This notification will state whether an exemption has been granted, and for which tax it applies. Until a written notification is received from the County, the organization is instructed to continue filing all appropriate tax documents and returns, and continue to pay all taxes in a timely fashion. Failure to file returns may result in an assessment of penalties or loss of eligibility if an exemption is not granted. If you have any questions regarding the exemption process, please call (703) 777-0200.

EXEMPTION CATEGORY	APPLICATION SECTION
To determine eligibility for a State Code Exemption:	Complete Section I, Section V and Section VI
To determine eligibility for a Local Exemption (all Applicants):	First complete Section I, then complete Section II to determine which section(s) to complete next Small Local Exemption (see Section II): Section III, Section V and Section VI OR
	Large Local Exemption (see Section II): Section III, Section IV, Section V and Section VI

SECTION I – to be completed by $\underline{ALL\ APPLICANTS}$

Organization Name:		•		
Mailing Address:				
Loudoun Location:				
Headquarters Location (if different	fro	m Loudoun location):		
Contact Name:				
Contact Title:				
Contact Mailing Address: (if different from above)				
Contact Telephone:		Contact Facsimile:		
Contact E-mail:				
If so, please identify the jurisdictic apply). If exempt in multiple juris use the supplemental sheet for the JURISDICTION: PROPERTY TYPE: Real Property	on(s) dict othe	onal Property	exen	nption(s) – (check all that as to one jurisdiction and
Church, religious denomination, religious order		YMCA or similar religious association		Volunteer fire or rescue organization
Religious missionary assoc.		Educational institution		Girl Scouts / Boy Scouts
Benevolent association		Orphanage; nursing care facility		Boys' or Girls' Club
Cemetery (private or public)		Red Cross		Agricultural or Farm Club
Veterans' organization		Hospital or sanitarium		Animal cruelty prevention
Museum		Habitat for Humanity		College alumni association
Historical foundation/association		Other (specify):		

1-2.	Exemption in Loudoun County is requested for –
	Real Property Personal Property
1-3.	Exemption Category Requested: Religious Charitable Patriotic Historical Benevolent Cultural/Educational Public Park or Playground/Recreational Other (specify):
1-4.	When was the Applicant organization first established?
1-5.	When did/will the Applicant begin operations in Loudoun County?
1-6.	What is the Applicant's federal tax designation? (Circle one) 501(c)(3) 501(c)(4) 501(c)(6) 501(c)(7) Other: 501(c)() (please insert #)
1-7.	What is the Applicant organization's purpose?
1-8.	Briefly describe the activities or services provided by the Applicant organization:
1-9.	Does the Applicant organization engage in any activities unrelated to the purpose for which it was established? (Please describe)
1-10.	Describe how funds received by the Applicant organization are used.
1-11.	vehicles located in Loudoun County or, as to vehicles and personal property, located elsewhere that it intends to move into Loudoun County?
descri	, please provide a detailed list (below or on an attached sheet) of all property including a brief iption, acquisition date, and acquisition cost. For real estate, please include the parcel fication number(s) (PIN), provide a copy of the assessment summary from the Loudoun County

website, <u>www.loudoun.gov</u>, and state the total square footage of the space used by the organization. For vehicles, please include the vehicle identification number (VIN), vehicle make, and vehicle model.

REAL ESTATE

Acreage	PIN	Date Acquired	Purchase Price
		\$	
	•		
	Acreage	Acreage PIN	Acreage PIN Date Acquired

VEHICLES

Year/Make	Model	VIN	Date Acquired	Purchase Price
				

OTHER PERSONAL PROPERTY

Description	Date Acquired	Purchase Pric
- Address - Addr		
		<u> </u>

Itemized Listing Attached?	 Yes		
	 No (please explain)	 	

1-12. Describe how the property is used:

SECTION II – SCOPE of REVIEW WORKSHEET (to be completed by ALL APPLICANTS for <u>LOCAL</u> EXEMPTION)

2-1. Real Property Exemptions

Total Assessed Value of Land and Improvements for which an exemption is sought (where applicable, please	(A) \$ (FMV		
provide both the fair market and use value assessment):	\$	(USE)	
Total Taxes Levied on the Land and Improvements for which an exemption is sought (where applicable, please	(B) \$	(FMV)	
provide the tax levied based on fair market value and the tax levied based on use value):	\$	(USE)	

IF the amount in Box 2-1(A) is equal to or greater than \$2,000,000

OR

IF the amount in Box 2-1(B) is equal to or greater than \$25,000

THEN

COMPLETE THE REMAINDER of this APPLICATION

OTHERWISE, COMPLETE ONLY SECTIONS III, V and VI

2-2. <u>Personal Property Exemptions</u>

Total Assessed Value of Personal Property for which an exemption is sought:	(A) \$ (FMV)
Total Taxes Levied on the Personal Property for which an exemption is sought:	(B) \$ (FMV)

IF the amount in Box 2-2(A) is equal to or greater than \$250,000

OR

IF the amount in Box 2-2(B) is equal to or greater than \$10,000

COMPLETE THE REMAINDER of this APPLICATION

OTHERWISE, COMPLETE ONLY SECTIONS III, V and VI

SECTION III - to be completed by ALL APPLICANTS for LOCAL EXEMPTION

3-1. From what source(s) does the Applicant receive funds or other support for its activities? (Check all that apply, and provide amount received in prior year)

SOURCE	AMOUNT (\$)
Federal government	
State government	
Local government	
Private foundations	
Educational institutions	
Other non-governmental organizations	

SOURCE	AMOUNT (\$)
Cash donations from individuals	
In-kind contributions from individuals	
Other (describe)	

/ \	\	
3-2.	2. On the supplemental sheets provided, pl	lease furnish the following information:

- (A) The names and mailing addresses of the Applicant's officers, directors, members, trustees or partners, as applicable.
- (B) The salaries or other compensation, if any, paid to the Applicant's officers and directors.
- (C) The salaries and other compensation received by the Applicant's 3 highest-paid employees.

SECTION IV – <u>DESIGNATED APPLICANTS</u> for <u>LOCAL EXEMPTION ONLY</u> (see SECTION II, above)

- 4-1. Please provide the following fiscal impact information for the most recent fiscal year period:
 - a. Total number of persons employed by the Applicant
 - b. Number of employees residing in Loudoun County
 - c. Place of residence of other employees
 - d. Average annual income (all employees)
 - e. Average annual income (employees residing in Loudoun County)
 - f. Actual contributions by the Applicant for Loudoun County-related public facilities, improvements or other needs
 - g. Actual contributions by the Applicant in the nature of services or resources provided in Loudoun County

FISCAL YEAR:		
APPLICATION for	EXEMPTION from	TAXATION (12/04

4-2.	Please	provide the following	Community Impact info	ormation:	
	a.	Describe the extent to Loudoun residents.	o which services provid	led by the Applicant directly benefit	
	b.	Identify existing serv similar to those alrea	vices (or future planned dy offered by existing	services) offered by the Applicant that for-profit organizations in Loudoun Co	it are ounty.
	c.	similar to those alrea	vices (or future planned dy offered by Loudour s providing those servi	services) offered by the Applicant that County government and specify the Coes.	it are County
	d.	similar to those alrea	vices (or future planned ady offered by existing e existing non-profit org	I services) offered by the Applicant the non-profit organizations in the County ganizations.	at are y.
4-3.			ton D. C. Metro Region nefits) for similar non-	n (3-year average) for directors' profit organizations is:	
4-4.	The standard in the Washington D. C. Metro Region (3-year average) for officers' compensation (salary and benefits) for similar non-profit organizations is:				
4-5.	The st	tandard in the Washing enefits) received by the	gton D. C. Metro Region 3 highest-paid employ	n (3-year average) for compensation (syees for similar non-profit organization	salary ns is:
4-6.	state t	specifically identified the annual amount sper ving purposes:	nt by the Applicant duri	ents provided with this application, ple ing the preceding 2 fiscal years for the Fiscal Year	;
	Marke	eting or Promotion	\$	<u> </u>	
	Gove	rnment Relations	\$	\$ <u>:</u>	
4-7.	Pleaso availa	e provide the following able, please identify the	g documents with this A e document and provide	Application. If any requested document a brief explanation.	nt is not
	a.	-		(Forms 990/990T) for two prior years	
	b.	Financial statement	s for two prior years, co	ertified (notarized) as true, complete a	nd

SECTION V - to be completed by <u>ALL APPLICANTS</u>

5-1. Please provide a copy of each of the following documents* with this Application. If any requested document is not available, please identify the document and provide a brief explanation.

*Unincorporated churches which do not have Articles of Incorporation, an IRS determination letter, or Federal tax returns, are asked to supply as much documentation as is available to confirm the establishment of a church which holds regularly scheduled and on-going worship services and provides charitable services for the community.

Α	IRS Exemption Determination Letter
В	Certificate of Good Standing from the State Corporation Commission
С	Mission Statement, if any
D	Articles of Incorporation or Organization, and any amendments thereto
Е	Bylaws or Constitution, and any amendments thereto
F	Admission, membership and/or employment application(s), if any
G	Resolution, minutes or other evidence of action by the Applicant organization that authorizes the filing of this application.
H	Pamphlets, brochures, weekly bulletins, annual reports, newsletters, course catalogs, tuition/fee schedules, certifications or accreditations, visitor or new member information packets and any other promotional literature that describes the religious, charitable, patriotic, historical, benevolent, cultural, educational or recreational purpose of the Applicant organization.
I	Current alcoholic beverage license issued by the Virginia Alcoholic Beverage Control Board for use on the property, if applicable

Please note: You may be asked to provide additional information for clarification.

5-2. The space below is provided for any additional comments or remarks the Applicant desires to make. If the comment pertains to a particular request for information contained in the Application, please reference the applicable question number.



LOUDOUN COUNTY BOARD OF SUPERVISORS

POLICY GUIDELINES FOR CONSIDERATION of REQUESTS for EXEMPTIONS from LOCAL TAXATION

Section A. AUTHORITY

Subsection 6(a)(6) of Article 10 of the Constitution of Virginia and VA. CODE §58.1-3651 authorize the governing body to provide exemption from taxation for the real or personal property, or both, owned by non-profit organizations which use the property for religious, charitable, patriotic, historical, benevolent, cultural or public park and playground purposes. An ordinance adopted by this Board, or any amendments enacted to applicable Virginia law after November 16, 2004, when the policies described below were revised and adopted, will supercede these policies.

Section B. PURPOSE

- 1. To provide an orderly and systematic process for the submission and review of requests for exemption from real and personal property taxation;
- 2. To enable the Board of Supervisors to be fully informed as to the financial impact of granting property tax exemptions, both individually and collectively;
- 3. To ensure that those entities to whom such exemptions may be granted are meeting a general public need for which the benefits derived by the community at-large exceed the County's loss in revenue from taxes on the entity's real and personal property; and
- 4. To ensure that requests for exemption are afforded equitable consideration.

Section C. APPLICATION PROCEDURES

- 1. A non-profit organization seeking exemption from taxation for its real or personal property, or both, must file an application with the County Administrator. The form of the application may be prescribed by the County Administrator or his designee.
- 2. Exemptions will be effective as of January 1st of the year following the Board's approval.
- 3. To be effective as of January 1st of a given year, applications for exemption must be filed not later than April 1st of the preceding year. The foregoing filing deadline shall apply to applications filed for exemptions to be effective as of January 1, 2006.
- 4. The County Administrator shall designate representatives to serve as the Staff Exemption Review Panel as he may deem appropriate. The Review Panel will apply a 3-step process to evaluate all applications:
 - a. Step 1: Determine qualification for further review using the criteria listed in Exhibit A.
 - b. Step 2: Determine scope of review using criteria listed in Exhibit B.
 - c. <u>Step 3</u>: Apply review standards according to determination made in Step 2. For larger exemption applications, use criteria listed in **Exhibit C**; for smaller exemption applications, use criteria listed in Section D, below.
- 5. The Review Panel shall submit a written report summarizing their review of each application to the County Administrator. The Panel's report shall specifically address the criteria in **Exhibit C** and Section D, as applicable. The County Administrator shall subsequently report those findings to the Board of Supervisors.

- 6. The Board of Supervisors' Finance/Government Services Committee will review each application, as well as the Review Panel's report submitted to the County Administrator.
- 7. The Board of Supervisors shall hold a public hearing on applications submitted by the April 1st filing deadline. Notice of the hearing shall be published at least once in a newspaper of general circulation in the County, with the hearing to be held at least 5 days after publication of notice.
- 8. Exemptions shall be granted only by ordinance adopted by the Board of Supervisors after holding a public hearing thereon. The ordinance shall state the specific use on which the exemption is based, that continuance of the exemption shall be contingent on the continued use of the property in accordance with the purpose for which the organization is classified or designated; and shall contain such other conditions or restrictions as the Board may deem appropriate.
- 9. Once granted, an exemption will be effective until the organization no longer qualifies, until the specific use on which the exemption is based ceases, or until revoked by the Board as provided by law, whichever occurs first.
- 10. Organizations must, at a minimum, provide the following information: Name of organization; date the organization was established; names and addresses of officers, directors, managing members, trustees or partners as applicable; a statement addressing each of the criteria in Section D, below; a statement of the salaries or other compensation, if any, paid to officers and directors of the organization; a statement of the salaries or other compensation, if any, received by the 3 highest-paid employees of the organization; a complete description of the property for which exemption from taxation is sought (including, for real property improvements, the gross square footage available and the square footage of the space used by the applicant organization); and a description of the qualifying use(s).
- 11. In addition, organizations must provide copies of the organization's (a) Internal Revenue Service determination letter; (b) Articles of Incorporation or Organization, as well as any amendments thereto; (c) By-laws; and (d) Certificate of Good Standing from the State Corporation Commission.
- 12. All larger exemption applicants (and smaller exemption applicants if requested by the Staff Review Panel, the County Administrator or the Board) shall provide copies of its federal and state tax returns and its financial statements for the two prior years.

Section D. REVIEW CRITERIA

- 1. The Board must consider the following criteria:
 - (a) Whether the organization is exempt from taxation pursuant to §501 (c) of the Internal Revenue Code of 1954;
 - (b) Whether a current annual alcoholic beverage license for serving alcoholic beverages has been issued by the Virginia Alcoholic Beverage Control Board to such organization, for use on such property;
 - (c) Whether any director, officer or employee of the organization is paid compensation in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered by such director, officer or employee;
 - (d) Whether any part of the net earnings of such organization inures to the benefit of any individual;
 - (e) Whether any significant portion of the service provided by such organization is generated by funds received from donations, contributions or local, state or federal grants. As used in this subsection, donations shall include the providing of personal services or the contribution of in-kind or other material services;
 - (f) Whether the organization provides services for the common good of the public;

- (g) Whether a substantial part of the activities of the organization involves carrying on propaganda, or otherwise attempting to influence legislation and whether the organization participates in, or intervenes in, any political campaign on behalf of any candidate for public office; and
- (h) The revenue impact to the County and its taxpayers of exempting the property.
- 2. The Board should consider the following criteria, facts and circumstances as may be pertinent
 - (a) Whether the organization is current on all its obligations to the County;
 - (b) Whether the organization is in compliance with all County ordinances and regulations, including (but not limited to) building, subdivision and zoning ordinances;
 - (c) Whether the property for which the exemption is sought relates to the purposes for which the organization was created and tends to directly promote those purposes;
 - (d) Whether the service(s) provided by the organization are services the County would provide if the requesting organization did not do so;
 - (e) Whether the organization meets a general public need for which the benefits derived by the community at-large are equivalent to or exceed the County's loss in revenue from taxes on the entity's real and personal property;
 - (f) Whether the service(s) provided by the organization meet an established priority of the Board of Supervisors; and
 - (g) Any other criteria, facts and circumstances that the Board may deem appropriate and pertinent.

Section E. RESTRICTIONS

- 1. No exemption will be granted to any organization that has any rule, regulation, policy, or practice that discriminates on the basis of religious conviction, race, color, sex or national origin.
- 2. No exemption from real property taxation will be granted to any non-profit organization for real property owned by the non-profit organization where the space occupied by a for-profit organization exceeds 10% of the gross square footage available.
- 3. No exemption from personal property taxation will be granted for vehicles valued at more than \$40,000 (exclusive of buses, trucks, passenger vans and any accessibility equipment) and classified as "luxury", "sports" or "sports utility" vehicles in commonly used automotive industry reference guides, without good cause shown.

Section F. TRIENNIAL REVIEW; REVOCATION OF EXEMPTION

- 1. With the exception of the United States and the Commonwealth, or any political subdivision thereof, any organization which has been granted exemption from taxation pursuant to Section 58.1-3650 et seq. of the Code of Virginia (1950, as amended) shall file an application with the County. Administrator every three (3) years as a requirement for retention of the exemption granted.
 - a. Review applications under this paragraph shall be filed with the County Administrator not later than July 1st of the year preceding the tax year for which such exemption is sought to be continued.
 - b. Review applications shall include the following information -
 - (1) The ownership of the property;

- (2) The use of the property;
- (3) Whether the organization has any rule, regulation, policy or practice that discriminates on the basis of religious conviction, race, color, sex or national origin;
- (4) Whether the organization is current on all its obligations to the County;
- (5) Whether the organization is in compliance with all County ordinances and regulations, including (but not limited to) building, subdivision and zoning ordinances;
- (6) Whether the organization has attempted to influence legislation, has participated in, or intervened in, any political campaign on behalf of any candidate for public office;
- (7) The names and addresses of officers, directors, managing members, trustees or partners, as applicable;
- (8) A current statement of the salaries or other compensation, if any, paid to officers and directors of the organization;
- (9) A current statement of the salaries or other compensation, if any, received by the 3 highest-paid employees of the organization
- (10) A current Certificate of Good Standing from the State Corporation Commission; and
- (11) If requested by the Staff Review Panel, the County Administrator or the Board, copies of its federal and state tax returns and its financial statements for the preceding year.
- c. The Staff Exemption Review Panel shall conduct an initial evaluation of each review application and any supporting materials using the criteria listed in Section D, above, and shall submit a written report summarizing their evaluation to the County Administrator. The Panel's report shall specifically address the criteria in Section D. The County Administrator will subsequently report those findings to the Board of Supervisors.

Loudoun County Exemption via Designation Application

Date:

Name of Organization:

Address:

Parcel Identification Number:

Dear Property Owner:

This letter is in response to your request for exemption form real property taxes. Your original application did not meet the criteria for exemption via classification. This letter will describe the process for receiving exemption via designation.

Pursuant to Virginia law, the Loudoun County Board of Supervisors can adopt an ordinance to designate certain properties of various organizations as exempt from local property taxes. The procedure for this is set forth in the Code of Virginia, Section 58.1-3651. In addition to this, while considering requests for exemption via designation, the Board of Supervisors is required to review additional information of the organization requesting the exemption. This information will be considered at a public hearing prior to adopting any ordinance that deems the property in question tax exempt.

Therefore, please submit the following information and documents to the County Attorney's Office for review in order for the Board of Supervisors to consider your request.

- 1. A list of the assessed value of any real and tangible personal property owned by

 Also include a list of all property taxes that either were paid or would have been paid for each item of property and each parcel during the last year. Please include a description of the property by address and parcel identification number and a brief description of the personal property. Please make sure you identify the property for which you see tax exemption.
- 2. For each of the parcels of real estate, a description of all present uses, including a list of the tenants and copies of any leases or other documents which describe such uses, specifically including any documents related to any other person's or entity's rights to use any portion of the property.
- 3. For each item of personal property, a description of all present use4s, including a list of the lessees and copies of any leases or other documents which describe such uses.

	A copy of the application and supporting documents submitted by to the Internal Revenue Service (IRS) for Section 501(c) tax
	exempt status. Please include copies of all responses from the IRS.
	A copy of the Internal Revenue Service (IRS) form 990, 990 EZ, or 900 PF together with any schedules and attachments most recently filed with the IRS for the previous calendar year or an explanation why such form was not filed.
	A statement from clearly indicating whether the property is to be used by for religious, charitable, patriotic, historical, benevolent, cultural or public park and playground purposes as set forth in Article X, Section 6(a)(6) of the Constitution of Virginia.
7.	A list of names and addresses of the current officers and directors of
8.	A copy of fictitious name certificates, if any, filed by with either the State Corporation Commission or Loudoun County Circuit Court.
9.	Copies of current financial statements, including a list of the individuals or entities to which the net earnings of inure. The list must indicate the amount or percentage of the net earnings inuring to each individual or entity, including the amount of compensation paid to each director, officer and employee.
10.	A statement signed by an officer of indicating whether any significant portion of the service provided by is generated by funds received from donations, contribution or local, state, or federal grants. This statement must include an indication of the percentage of service generated by such funds. Donations shall include the providing or personal services or the contribution of in-kind or other material services.
11.	A copy of the most recent articles of incorporation and bylaws.
12.	A statement signed by an office of indicating whether a current annual alcoholic beverage license for serving alcoholic beverages has been issued by the Virginia Alcoholic Beverage Control Board to, for use on its property.
13.	A statement signed by an officer of indicating whether has any rule, regulation, policy, or practice that unlawfully discriminates on the basis of religious conviction, race, color, sex, or
	national origin.

14. A description of how good of the public.	provides services for the common
15. Any other information that of its request for tax exemption.	believes is supportive

Please return this information to the County Attorney's Office by September 1, if you wish to pursue an exemption for the following tax year. Your request will go through the following process after you have submitted the above requested information:

- 1. The County Attorney's Office will review the information you provided and forward it along with any corresponding notes to the Real Property Tax Exemption via Designation Committee.
- 2. The Real Property Tax Exemption via Designation Committee will review the information along with any notations from the County Attorney's Office and make a recommendation to the Board of Supervisors.
- 3. The Board of Supervisors will then schedule a public hearing for the appropriate application. The notice of the public hearing will be published in a newspaper having general circulation in Loudoun County. Your organization is expected to reimburse Loudoun County for the cost of the advertisement.
- 4. A knowledgeable representative from ______ is expected to be present at the public hearing to answer any questions that may arise.
- 5. The Board of Supervisors may consider an ordinance granting the exemption after the public hearing.

REQUEST FOR EXEMPTION FROM TAXATION -- SUPPLEMENTAL INFORMATION $\underline{\text{CURRENT EXEMPTIONS HELD}}$

	JURISDICTION:				•
	PROPERTY TYPE:				
	☐ Real Property		ersonal Property		
	EXEMPTION CATEGORY:				_
	Church, religious denomination, religious order		YMCA or similar religious association		Volunteer fire or rescue organization
	Religious missionary association		Educational institution		Girl Scouts / Boy Scouts
	Benevolent association		Orphanage; nursing care facility		Boys' or Girls' Club
_	Cemetery (private or public)		Red Cross		Agricultural or Farm Club
	Veterans' organization		Hospital or sanitarium		Animal cruelty prevention
_	Museum		Habitat for Humanity		College alumni association
_	Historical foundation/association		Other (specify):		
				<u></u>	_
	PROPERTY TYPE:	- I	December 1 December 2		
	☐ Real Property		Personal Property		
e e	EXEMPTION CATEGORY:		YMCA or similar religious association		Volunteer fire or rescue
	Church, religious denomination, religious order		YMCA of Shinial Tenglous association	u	organization
	Religious missionary association		Educational institution		Girl Scouts / Boy Scouts
	Benevolent association		Orphanage; nursing care facility		Boys' or Girls' Club
	Cemetery (private or public)	_	Red Cross		Agricultural or Farm Club
			Hospital or sanitarium		Animal cruelty prevention
	3.6		Habitat for Humanity		College alumni association
	Historical foundation/association		Other (specify):	•	
<u></u>	Alistotical foundations and		,		
	JURISDICTION:				
	PROPERTY TYPE:				
	☐ Real Property		Personal Property		
	EXEMPTION CATEGORY	:			** 1
	Church, religious denomination, religious order		YMCA or similar religious association		Volunteer fire or rescue organization
	Religious missionary association		Educational institution		Girl Scouts / Boy Scouts
[.			Orphanage; nursing care facility		Boys' or Girls' Club
	Cemetery (private or public)		Red Cross		Agricultural or Farm Club
	******************************		Hospital or sanitarium		Animal cruelty prevention
[Habitat for Humanity		College alumni association
ŗ			Other (specify):		

REQUEST FOR EXEMPTION FROM TAXATION

SUPPLEMENTAL INFORMATION FOR ITEM 3-2 (A) and ITEM 3-2 (B)

OFFICERS, DIRECTORS, MEMBERS, TRUSTEES OR PARTNERS; SALARIES and/or COMPENSATION PAID

Name:	Title:		
Address:			
Salary:			
All Other Compensation from Applicant Organiz	zation (cash and in-kind, including services):		
Name:	Title:		
Address:			
Salary:			
All Other Compensation from Applicant Organization (cash and in-kind, including services):			
Name:	Title:		
Address:			
Salary:			
All Other Compensation from Applicant Organization (cash and in-kind, including services):			

REQUEST FOR EXEMPTION FROM TAXATION

SUPPLEMENTAL INFORMATION FOR ITEM 3-2 (A) and ITEM 3-2 (B)

OFFICERS, DIRECTORS, MEMBERS, TRUSTEES OR PARTNERS; SALARIES and/or COMPENSATION PAID

Name:	Title:
Address:	
Salary: All Other Compensation from Applicant Organiz	zation (cash and in-kind, including services):
Name:	Title:
Address:	
Salary: All Other Compensation from Applicant Organi	zation (cash and in-kind, including services):
Name:	Title:
Address:	
Salary: All Other Compensation from Applicant Organ	ization (cash and in-kind, including services):

STEELON CUIDDLEMENTAL INFORMATION

PAGE

Name:	Title:				
Address:					
Salary: All Other Compensation from Applicant Organization (cash and in-kind, including services):					
Name:	Title:				
Address:					
Salary:					
All Other Compensation from Applicant Organization (cash and in-kind, including services):					
Name:	Title:				
Address:					
Salary:					
All Other Compensation from Applicant Organ	All Other Compensation from Applicant Organization (cash and in-kind, including services):				
Name:	Title:				
Address:					
Salary:					
All Other Compensation from Applicant Organization (cash and in-kind, including services):					

REQUEST FOR EXEMPTION FROM TAXATION SUPPLEMENTAL INFORMATION FOR ITEM 3-2 (C)

SALARIES or COMPENSATION of the THREE HIGHEST-PAID EMPLOYEES

Name:	Title:	
Salary:		
All Other Compensation from Applicant Organization (cash and in-kind, including services):		
Name:	Title:	
Salary:		
All Other Compensation from Applicant Organization (cash and in-kind, including services):		
Name:	Title:	
Salary:		
All Other Compensation from Applicant Organization (cash and in-kind, including services):		

Name:	Title:	
Address:	·	
Salary:	(
All Other Compensation from Applicant Organization (cash and in-kind, including services):		
Name:	Title	
Address:		
Salary: All Other Compensation from Applicant Organization (cash and in-kind, including services):		
Name:	Title:	
Address:		
Salary: All Other Compensation from Applicant Organ	ization (cash and in-kind, including services):	

EXHIBIT A

to

POLICY GUIDELINES, LOCAL TAX EXEMPTION REQUESTS

STEP 1 - CRITERIA FOR IMMEDIATE DISQUALIFICATION

An applicant is automatically disqualified for any of the following reasons:

	Reasons for Disqualification	<u>Basis</u>
1	Application deadline is not met.	Loudoun
2	Application is not complete including necessary attachments/supplemental information.	Loudoun
3	Proof of a valid IRS 990/SCC Certification is not provided.	State code
4	Proof of a valid ABC Board License, if applicable, is not provided with application.	State code
5	All of the applicant organization's obligations to the County are not current.	State code
6	Applicant organization is not compliant with all County ordinances.	State code
7	Applicant organization's rules, regulations, and policies are discriminatory.	State code
8	For-profit leased or owned square footage as part of the property being sought for exemption is more than 10%.	Loudoun
9	Certain vehicles sought to be exempt are valued at or greater than \$40,000, without good cause.	Loudoun
10	Services provided by the applicant organization are not for a public good.	State code
11	Services benefit or inure benefit to particular persons or to any one individual.	State code
12	Property or properties for which the exemption is sought are not related to and do not promote the purpose(s) of the applicant organization.	State code

EXHIBIT B

to

POLICY GUIDELINES, LOCAL TAX EXEMPTION REQUESTS

STEP 2 - CRITERIA TO DETERMINE SCOPE of REVIEW

REAL PROPERTY EXEMPTIONS

If the dollar amount of the property tax levied on the real property for which an exemption is sought is \$25,000 or more

-OR-

If the assessed value of the real property (land and improvements) for which an exemption is sought is \$2.0 million or more

-THEN-

PROCEED to Step 3A - Criteria for Larger Exemption Applicants (POLICY GUIDELINES **and Exhibit C**)

-IF NOT, THEN-

PROCEED to Step 3B - Criteria for Smaller Exemption Applicants (POLICY GUIDELINES, Section D)

PERSONAL PROPERTY EXEMPTIONS

If the dollar amount of the property tax levied on the personal property for which exemption is sought is \$10,000 or more

-OR-

If the assessed value of the personal property (e.g., vehicle fleet, furniture and fixtures, equipment) for which exemption is sought is \$250,000 or more

-THEN-

PROCEED to Step 3A - Criteria for Larger Exemption Applicants (POLICY GUIDELINES and Exhibit C)

-IF NOT, THEN-

PROCEED to Step 3B - Criteria for Smaller Exemption Applicants (POLICY GUIDELINES, Section D)

EXHIBIT C

to

POLICY GUIDELINES, LOCAL TAX EXEMPTION REQUESTS

STEP 3A - REVIEW CRITERIA for LARGER EXEMPTIONS

CRITERIA CATEGORY

NOTES/GUIDE

1. FISCAL IMPACT

Size of the Organization

Considers the number of employees, county of residence and their average household income; specifically: (a) the number of employees working but not living in Loudoun, and (b) the average income of employees working and living in Loudoun.

Size of the Exemption Requested

Considers the size (in dollars) of the tax exemption being sought. The lower the dollar amount of exemption being sought, the lower the fiscal impact. The higher the dollar amount, the greater the fiscal impact.

Other Use of Public Funds and of What Type

Considers the amount of revenue received by the organization from other public funds. The amount of other public funds (other Loudoun County tax funds, or in-kind assistance) utilized for the applicant, may affect the fiscal impact.

Direct Contributions to the Loudoun Economy (cash/in-kind)

Considers, in terms of job creation and assistance to existing and future business, the applicant's contribution to the Loudoun economy. In general, the greater the contribution, the lower the fiscal impact.

Direct Contributions for Public Facilities/Improvements (cash/in-kind)

Considers actual contributions for either public facilities/improvements or other needs, as well as contributions for services or resources, as reducing the fiscal impact of the requested exemption.

2. COMMUNITY IMPACT

Total Services Identified that Benefit Loudoun Residents Considers the extent to which services (e.g., scholarships) provided by the applicant would directly benefit Loudoun residents.

Application is a Standing Priority of the Board of Supervisors

Considers whether the applicant organization and its services address a standing priority of the Board of Supervisors.

Similar or Supplemental Services

Similar or Supplemental Services Offered by Existing Businesses Considers whether the similarity of existing and future planned services offered by the applicant to those already offered by an existing Loudoun business might constitute an unnecessary duplication of effort, or a desirable supplement or compliment.

Similar or Supplemental Services Offered by Loudoun County Government Considers whether the similarity of existing and future planned services offered by the applicant to those already offered by Loudoun government agencies constitute a desirable supplement or compliment. Higher consideration may be given where the greater similarity of applicant's existing and future planned services to those already offered by a Loudoun government agency is seen as a desirable supplement, compliment or duplication of effort.

Similar or Supplemental Services Offered by Non-profits Considers whether the similarity of existing and future planned services offered by the applicant to those already offered by another Loudoun non-profit organization might constitute an unnecessary duplication of effort, or a desirable supplement or compliment.

3. ORGANIZATIONAL CULTURE

Compensation

Director's Compensation

Considers directors' compensation (salaries and benefits) as compared to industry standards for the Washington D.C. Metro Region. An average salary and benefit package lower than the most recent 3-year industry average is preferred.

Officers' Compensation

Considers officers' compensation (salaries and benefits) as compared to industry standards for the Washington D.C. Metro Region. An average salary and benefit package lower than the most recent 3-year industry average is preferred.

3-Highest Paid Employees' Compensation Considers 3-highest paid employees' compensation (salaries and benefits) as compared to industry standards for the Washington D.C. Metro Region. An average salary and benefit package lower than the most recent 3-year industry average is preferred.

Public Relations/Government Affairs:

Marketing or Promotional Budget

Considers the size of an applicant's marketing or promotional budget as a percent of total budget (low percentage preferred). Exceptions may be made if an applicant organization's services address a standing priority of the Board of Supervisors, provide necessary supplements to existing services, provide a high percentage of services directly benefiting Loudoun residents, or if the request has a low fiscal impact.

Government Affairs Budget

Considers the size of an applicant's governmental affairs budget as a percent of total budget (low percentage preferred). Exceptions may be made if an applicant organization's services address a standing priority of the Board of Supervisors, provide necessary supplements to existing services, provide a high percentage of services directly benefiting Loudoun residents, or if the request has a low fiscal impact.

4. LAND USE IMPACT

Property Location - Route 28 Tax District

Considers whether the exemption is sought for property located within or outside of the Route 28 Tax Improvement District.

Property Location within Certain Land Use Designations

Considers whether the use of the property for which an exemption is being sought is compatible with the existing land use designation.